

Business Reorganization

Effective June 3, 2009, the Civil Service Commission officially adopted Rule 5.6.1 as a formal means to process business reorganization activities at the agency level. [General Circular 1761](#), outlines the reasoning and details regarding the adoption of this rule, as well as other changes and additions to Civil Service rules.

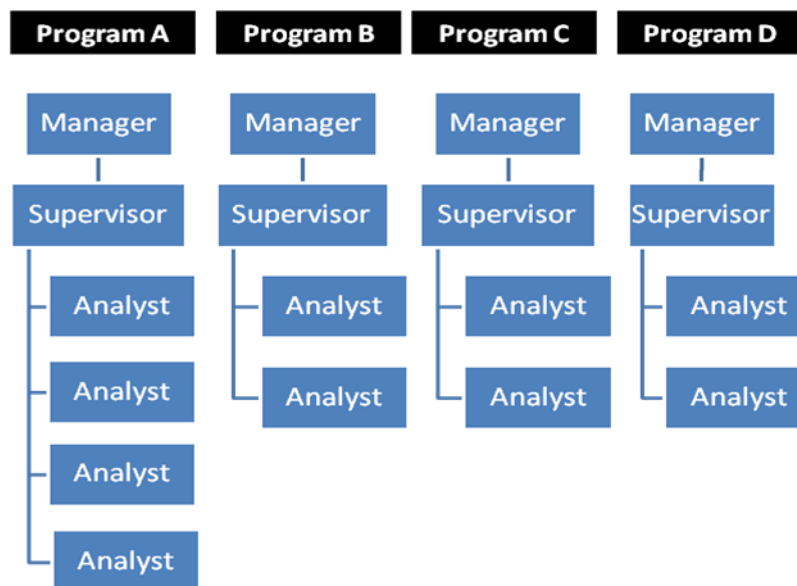
Rule 5.6.1 defines business reorganization as the “strategic effort of an AA to structure or redesign the resources of an organizational unit to more efficiently achieve its mission.”

Characteristics of a business reorganization include:

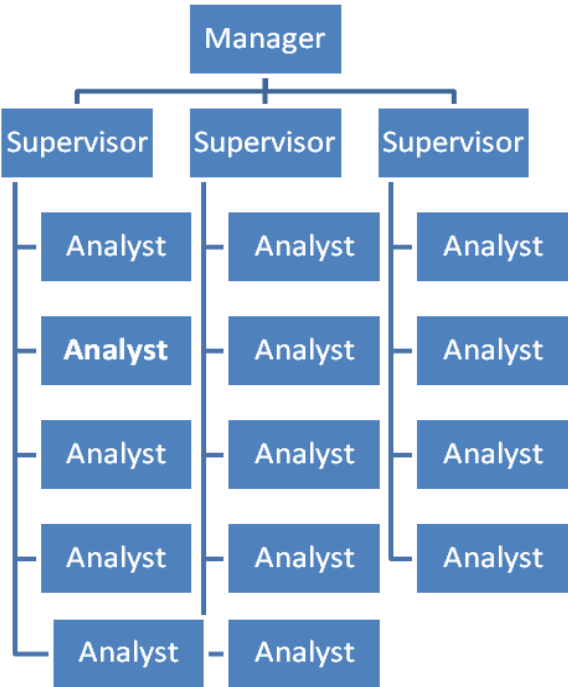
- No reduction in workforce
- Non-budgetary
- Significant number of employees affected
- No extreme changes in affected employees’ duty assignments or pay ranges

Example of a business reorganization: State Agency currently employs four managers responsible for four different programs. Analysis has shown that Programs A, B, and C are no longer furthering the mission of the agency. However, Program D has proven highly effective. The agency appointing authority would like to discontinue Programs A, B, and C, and utilize existing staff to expand Program D.

Current Structure: In this case the current structure includes four managers, four supervisors and ten analysts for a total of eighteen positions.



Proposed Structure: The remaining program needs only one manager. The appointing authority decides on a structure including one manager, three supervisors, and fourteen analysts.



Reorganization Analysis: Is this scenario appropriate for the application of Rule 5.6.1?

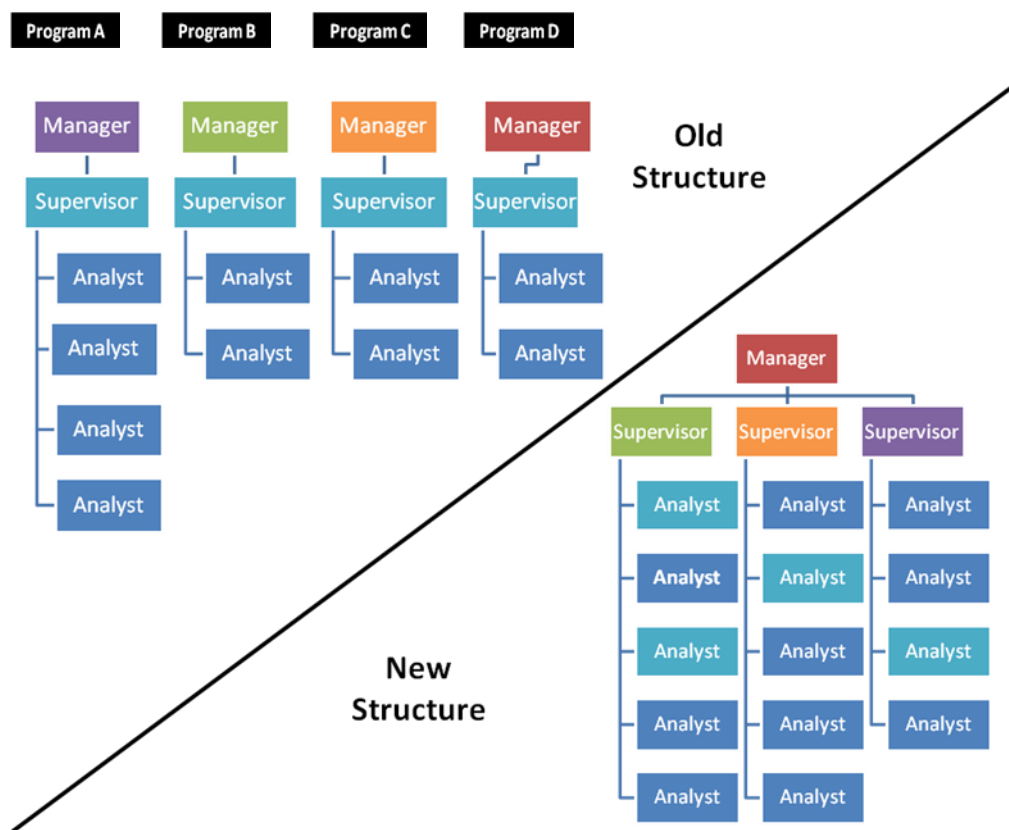
	Before Reorganization	After Reorganization
Managers	4 Managers	1 Manager
Supervisors	4 Supervisors	3 Supervisors
Analysts	10 Analysts	14 Analysts
Total Positions	18 Positions	18 Positions

No Reduction in Workforce: Before the reorg. 18 positions staffed 4 programs. Post-reorganization, 18 positions staff one program; no reduction in workforce.

Non-Budgetary: Changes are being made due to strategic analysis, not due to a lack of funds.

Significant number of employees: Changes made to 7 out of 18 (nearly 40%) of positions within the section.

No extreme changes in duties/pay ranges: Movements to lower-level jobs are not likely to result in drastic pay-level drops. (see below)



The appointing authority proposes that the manager of Program D remain in this role. The corresponding position description is updated.

The duties of the managers of Programs A, B, and C become supervisory duties. These positions are proposed for reallocation down via a business reorganization plan.

The duties of the four supervisors become analyst duties. These positions are proposed for reallocation down via a business reorganization plan.

Conducting a Business Reorganization:

- Initial Meeting:** When planning a business reorganization that may require the movement of employees to a lower-level job, agency appointing authorities and/or agency human resources representatives should contact the DSCS Compensation Division to discuss agency plans. At this stage, DSCS can TYPICALLY indicate IF the use of 5.6.1 seems appropriate. However, advice communicated at these meetings CANNOT be considered as formal approval.
- Business Reorganization Plan:** The official [Business Reorganization Plan Coversheet](#) must be submitted with every plan. As the rule notes, we will (at minimum) require these four elements:

- The **rational business reason** will be addressed as part of “Proposal Details”
- The **impact of the change** is addressed by the required submittal of updated SF-3s for all positions in the affected org unit. SF-3s must be complete (all required signatures included). Additionally, proposal details may need to include why particular positions were chosen for movement to a lower pay grade. A defensible business reason should back up each decision; examples include seniority, special skills (certifications), and experience with the program. Documentation should be available to back up all reasons.
- **Current and proposed organizational** charts must be included. Each chart should represent the entire unit pre- and post- reorganization and must include all position numbers, DSCS job titles, job codes, and incumbent names.
- **Employee Notices:** Employee notices may be sent to employees before the business reorganization plan is submitted to Civil Service or following tentative approval of the plan by Civil Service. Sending employee notices prior to submittal of the plan can expedite processing; however, if there is any doubt that a position will not be allocated as requested, it is best to send employee notices following tentative approval. DSCS will require that a copy of the notice, indicating the date and method of delivery be submitted to the Department before the 15-day employee comment period can begin. The DSCS [employee notice template](#) includes all required elements of the employee notice letter. This template can be adapted to agency needs so long as all required elements are present.
- **Tentative Approval/Employee Notice:** At this stage, DSCS analyzes the business reorganization plan, makes tentative allocation decisions on SF-3s, and, if appropriate, indicates tentative approval (pending the employee comment period). Upon tentative approval, the agency may submit [employee notices](#), (if it has not done so already) allowing 15 days for employees to comment on proposed actions. At this time, DSCS will require that a copy of the notice, indicating the date and method of delivery be submitted to the Department. Employees may comment to the agency or to Civil Service.
- **Director’s Decision:** After the employee review period, DSCS and the agency consider any concerns based on comments. If no major concerns or special circumstances exist, the director may approve the business reorganization plan. If concerns surface, the director may disapprove, provide interim approval, and/or refer to the plan’s approval to the Civil Service Commission for a public hearing. Additionally, if new information indicates that layoff or demotion in lieu of layoff is most appropriate the director may require that the agency take the appropriate alternative actions.
 - **30 Days to Implement:** The [director’s decision letter](#) finalizes approval to proceed with the process of downwardly reallocating the involved positions.

- DSCS rules allow appointing authorities to work employees out of their classification for 30 days before taking action; therefore, the reorganization plan can be implemented as soon as the director approves it.
- Any affected employees above their position's new range maximum will be red circled and must be placed on the Department Preferred Re-employment List in accordance with Rule 5.6.1(g). NOTE: DPRL rights in the case of a business reorganization are limited to the job title the employee occupied prior to the implementation of the business reorganization.
- Implementation Procedures:
 - Upon receipt of the Director's approval letter, the agency is responsible for the following:
 - Providing final notice to each impacted employee via a copy of the Director's approval letter
 - Providing information to the DSCS Compensation Division for placing impacted employees on the DRPL. To accomplish this agencies are responsible for completing the following forms within 15 days of the reorganization approval date (date of the Director's approval letter). NOTE: A hiring freeze is in place for all job titles that impacted employees held prior to the business reorganization beginning the date of the approval letter. This freeze is lifted upon the establishment of the Department Preferred Reemployment List. The freeze covers titles impacted by the reorganization and includes all positions within the Department named in the business reorganization approval letter.
 - DPRL Form
 - [Report of Final Actions taken](#)